

CITY MANAGER BUDGET TRANSMITTAL

The City of Sedona provides each new City Council an opportunity to set the City's Strategic Goals and Priorities and utilizes those goals and priorities during the process for creation of the Annual Budget. The City Council's adoption of their Strategic Goals and Priorities and subsequent modifications lay the foundation. In addition the City Council has established 3 broad priorities that include Circulation & Public Safety, Long-Range Planning, and Economic Sustainability each are a fundamental part of the staff work plans.

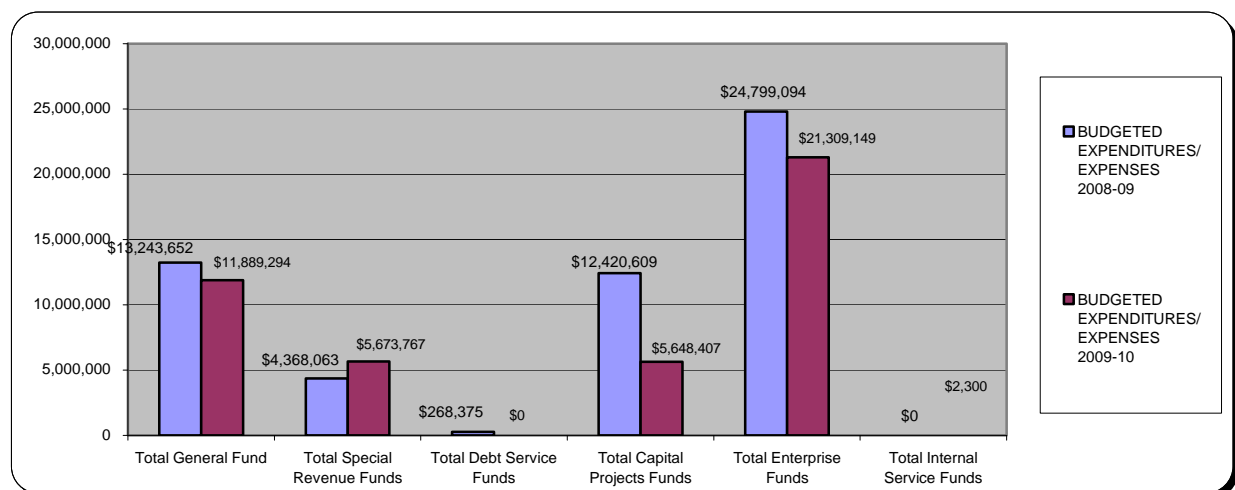
We are pleased to present our budget for Fiscal Year 2009/2010. This Budget was prepared during a time of unprecedented economic uncertainty. The goal is to provide a fiscally sound future for the City of Sedona. The budget approach takes into consideration that we are in relatively good financial shape and will remain strong through this economic downturn. This budget continues the City's commitment to cost effective services. Major Capital Improvement Projects, Employee Development and Investment, and a Summary of Financial Condition for our three major funds in the budget deserve a special focus.

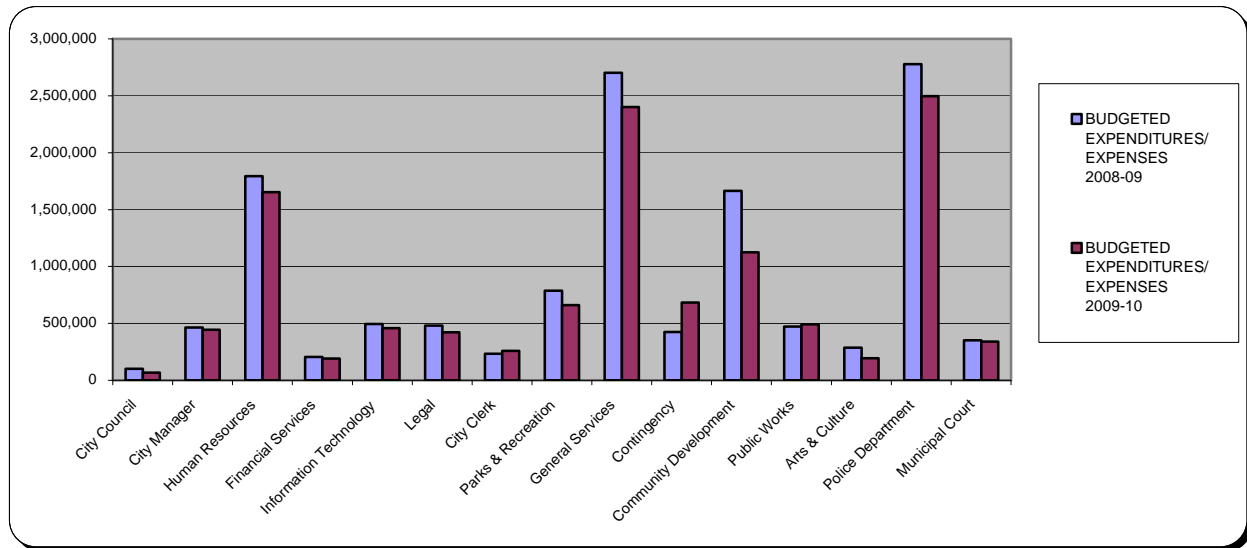
A series of issue papers and/or decision packages are presented to the City Council for approval of all major expenditures and work objectives for the upcoming fiscal year. This process links the strategic goals and priorities with the Community Plan goals and objectives to the budget process.

KEY FINANCIAL BENCHMARKS

Total Budget

The total budget for 2009/2010 is decreasing from approximately \$55 million in 2008/2009 to \$44.5 million.



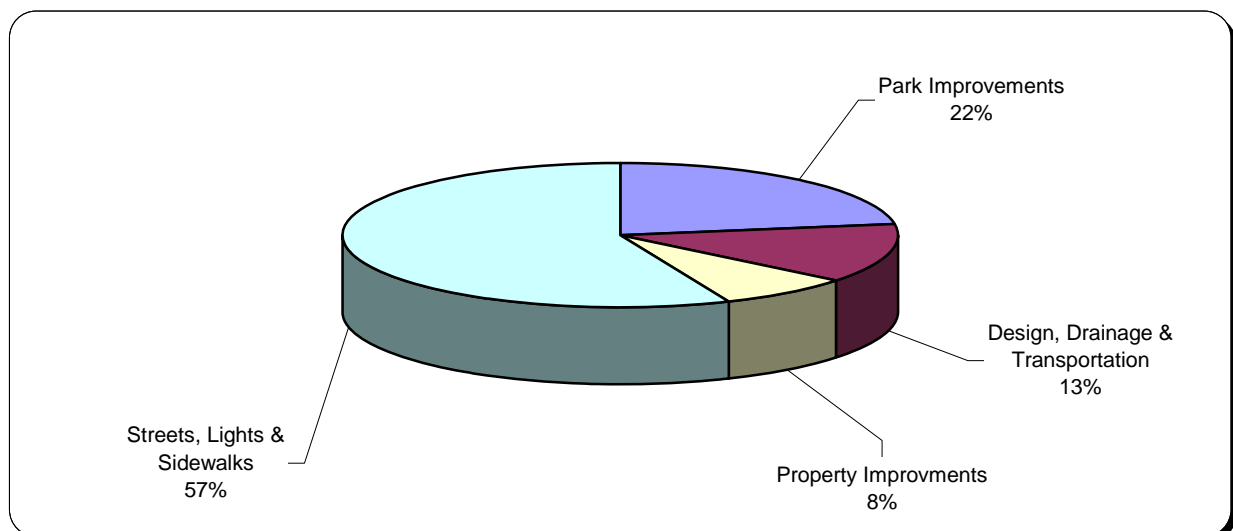


General Fund

The General Fund represents the City's entire key operational expenditures and has decreased from approximately \$13.2 million to \$11.8 million. The decrease in the General Fund Budget is approximately 12 percent. After evaluating the operations of the City, departments were able to propose fairly significant cuts that have minimal impacts on service levels. Also, the Police Department has made reductions by adjusting their officer's daily schedules to reduce overtime. This budget still leaves funding in place to accomplish most programs that have been established by the City of Sedona.

MAJOR CAPITAL IMPROVEMENT PROJECTS

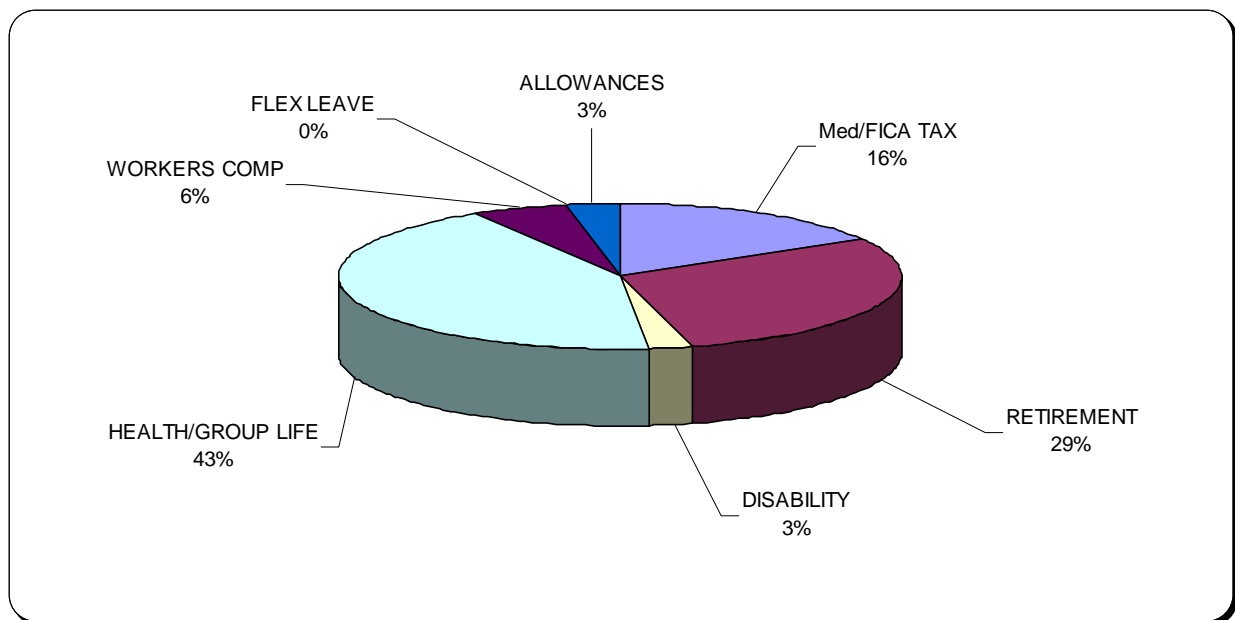
The budget includes approximately \$5.2 million in capital improvements for next year.



Key projects outlined in the upcoming budget include Park improvements and renovations, including Jordan Historical Park projects, City Hall Plaza improvements, completion of Drainage projects, several Intersection and Sidewalk projects, and completion of the City's portion of SR 179.

STAFF DEVELOPMENT AND INVESTMENT

Our Strategic Plan states "Employees are our greatest asset." The budget maintains current benefits for current employees. However, this budget includes reduction in force through freezing vacant positions and all requests for new positions. The typical merit, cost of living and flex payouts were eliminated from this budget.



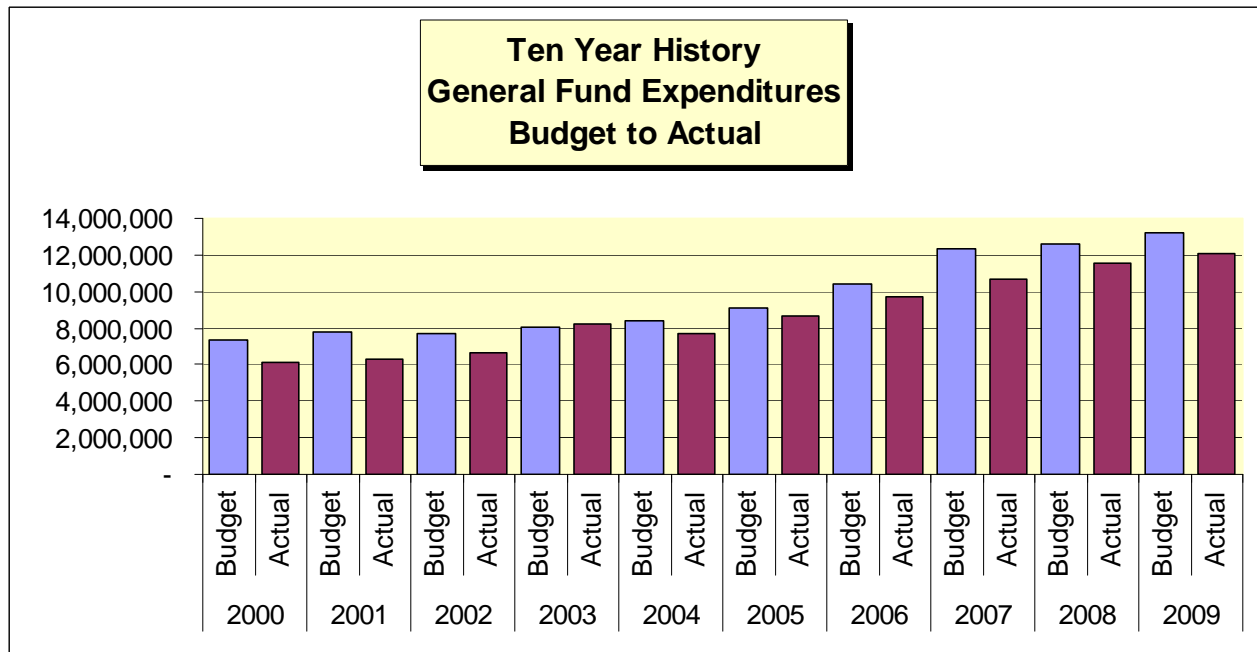
SUMMARY of FINANCIAL CONDITION

The 2009/10 budget shows the City with a potential budgeted deficit. Even by reducing expenses where possible, adjusting programs, reducing outside funding and freezing/eliminating vacant positions, projected revenues will not be enough to cover budgeted expenditures. Over the last four years the City has increased its expenditures, mostly through new or enhanced programming. This was done without experiencing sufficient increases in revenue. Our policy of budgeting annual revenues conservatively has provided the City with sufficient reserves and a positive cash flow on an annual basis in the past. But this year has been different.

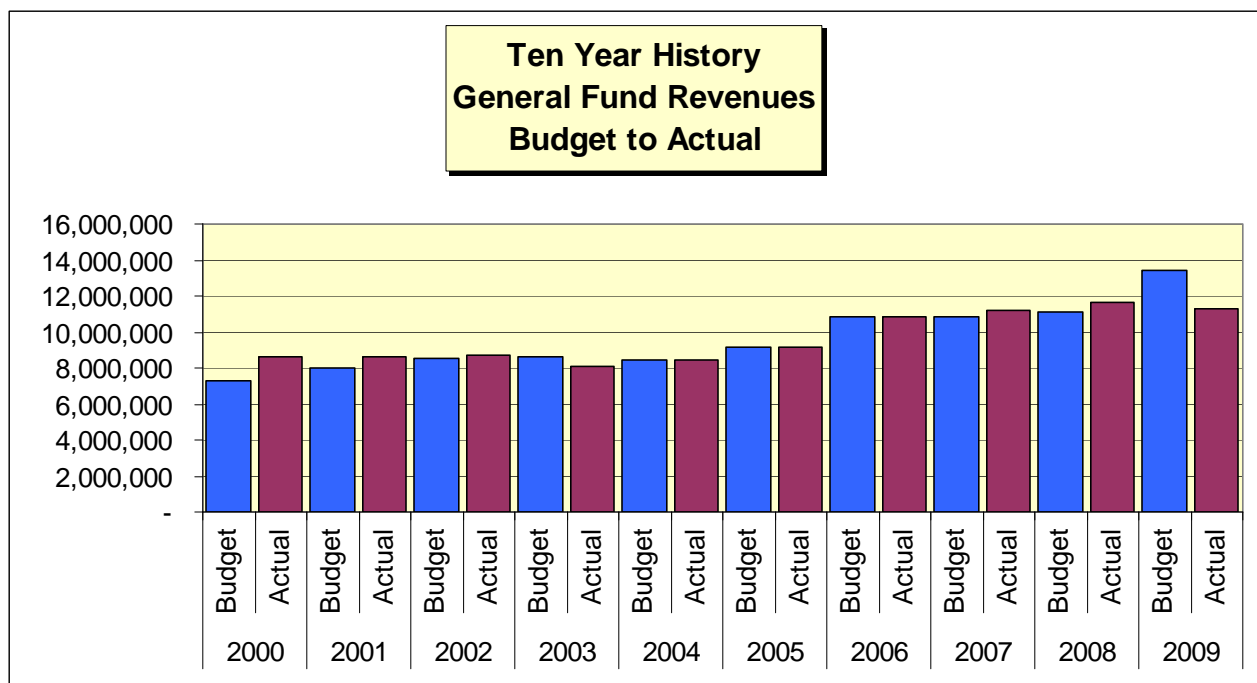
Although we are including in this budget potential use of reserves or "rainy day funds" it is important to note that this has been a budgeted possibility for prior budget years

and historically for the last ten years the City has operated at a surplus despite potential for use of reserves. The following three graphs represent the City's financial history (operating) over the last ten years.

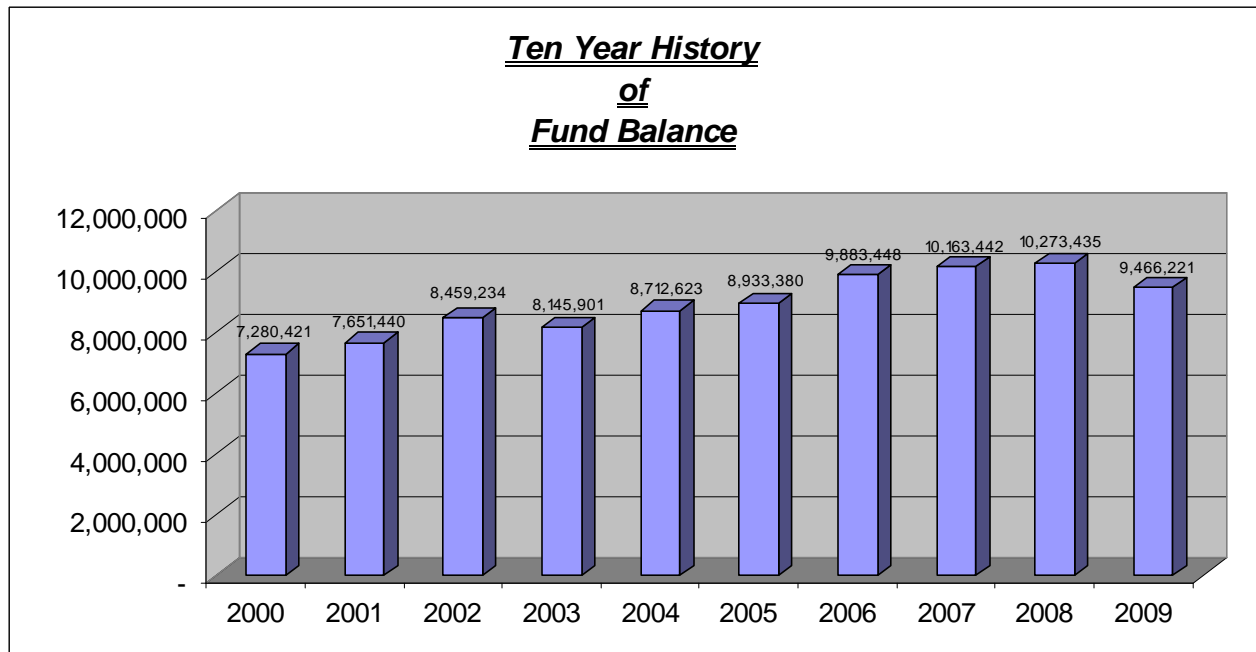
The first shows a comparison of expenditures, budgeted versus actual experience.



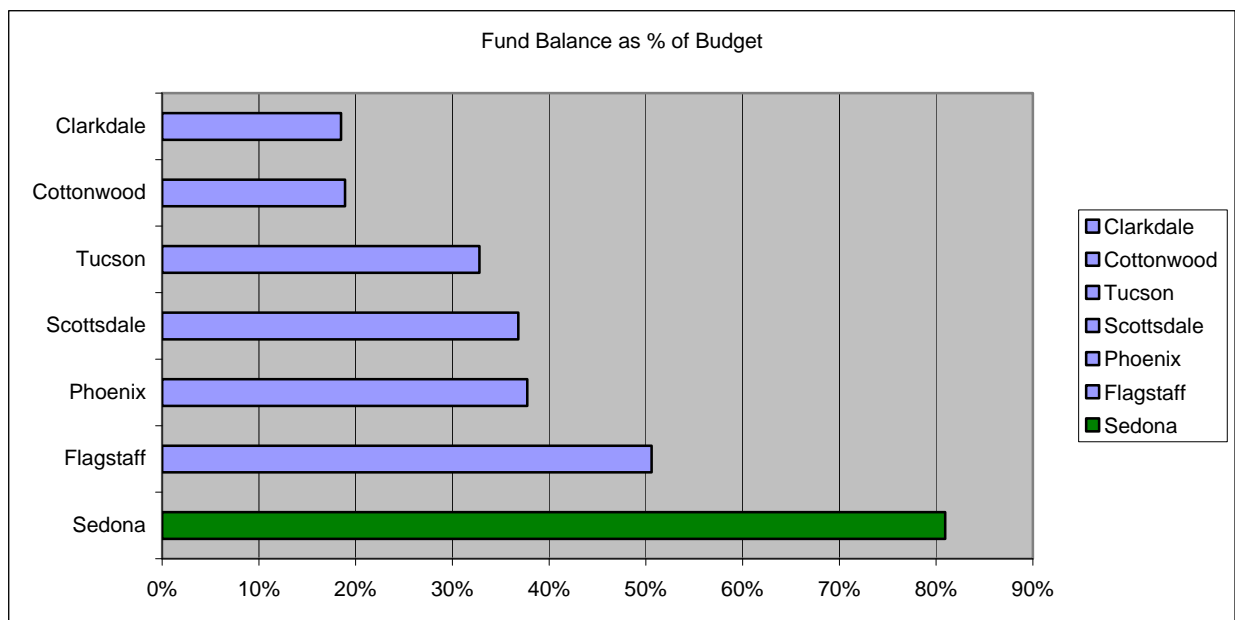
The second shows a comparison of revenues, budgeted versus actual experience.



The third shows the changes to the fund balance over the last ten years.



Finally, staff projects the fund balance on the three largest funds. These projections can change based on multiple factors, increased revenue, decreased spending, or new sources of funding. The fund balances that are maintained by the City in our three major funds are healthy. The general fund reserve at the end of FY 08/09 is at approximately \$9.4 million. This fund balance remains at approximately 80% Budget to Reserve ratio as provided in the 2008 comparison of Sedona's General Fund reserves to those of other Arizona Cities. The required percentage per policy is 50% reserve to budget and it is anticipated that the 2009 chart will show a larger difference in many of the comparison Cities' reserve to budget ratio. The comparison chart is presented below.



The Capital Fund reserve is at approximately \$8 million. A large part of this fund balance is Excise Tax Revenue Bond dollars that have yet to be spent on major projects. This is also the fund that is most imminent for staff to focus on and work with the City Council to either reduce expenditure expectations or to redirect other funding to this area.

The Wastewater Capital fund reserve is at approximately \$37.7 million. The wastewater fund reserve allows the City to undertake major anticipated projects, such as the Three Major Pump Station Project and connection line extensions or major repairs. Staff anticipates reductions in this reserve over the next five years, in large part due to anticipated infrastructure improvement costs. Controlled spending and restructuring of the process for wastewater extensions on top of a natural rebuilding of the fund will add to the positive position of this fund.

In addition, the strategic priorities that the City has put in place have allowed a budget to be developed that is focused on our Strategic and Community Plans.

I am proud of the work on this document by city employees and department heads. Special recognition for developing the document goes to the entire Financial Services Department. In particular, thank you to Barbara Ashley, Finance Operations Manager for her dedication to the process.

We look forward to continually providing the level of services and improvements that help to maintain and improve the quality of life in Sedona.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alison C. Zelms', with a stylized, flowing script.

Alison C. Zelms
Interim City Manager (Assistant City Manager)

Management Staff

Tim Ernster

City Manager

Michael Goimarac

City Attorney

Alison Zelms

Assistant City Manager

Elizabeth Yancey

Magistrate Judge

Andi Costello

Administrative Services Director

"Parks & Recreation"

Barbara Ashley

Finance Operations Manager

Joe Vernier

Chief of Police

Cherry Lawson

City Clerk

John O'Brien

Director of Community Development

Victoria Ward

Director of Human Resources

Charles Mosley

City Engineer

Patricia Livingstone

Director of Wastewater

John Smith

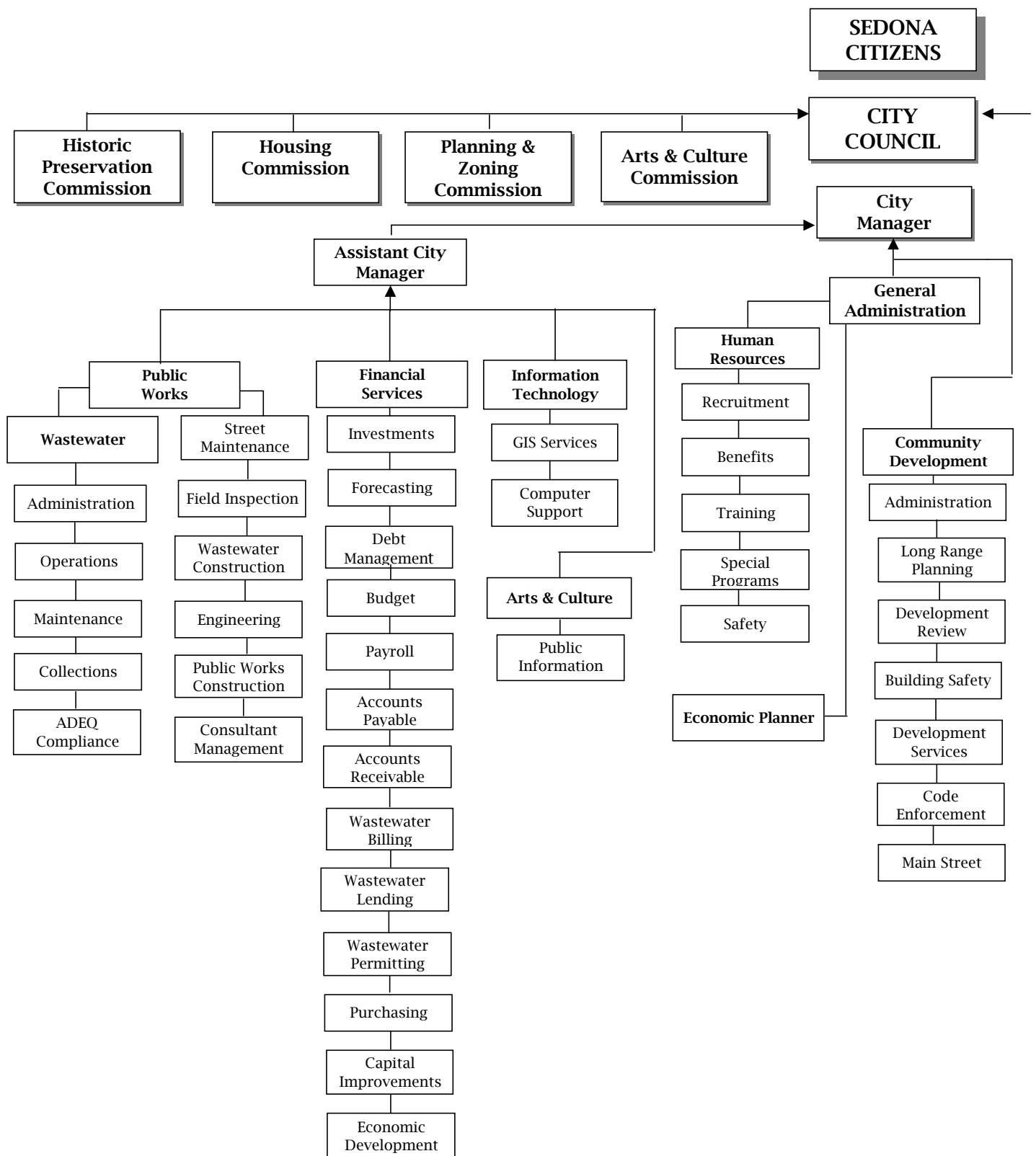
Information Technology Manager

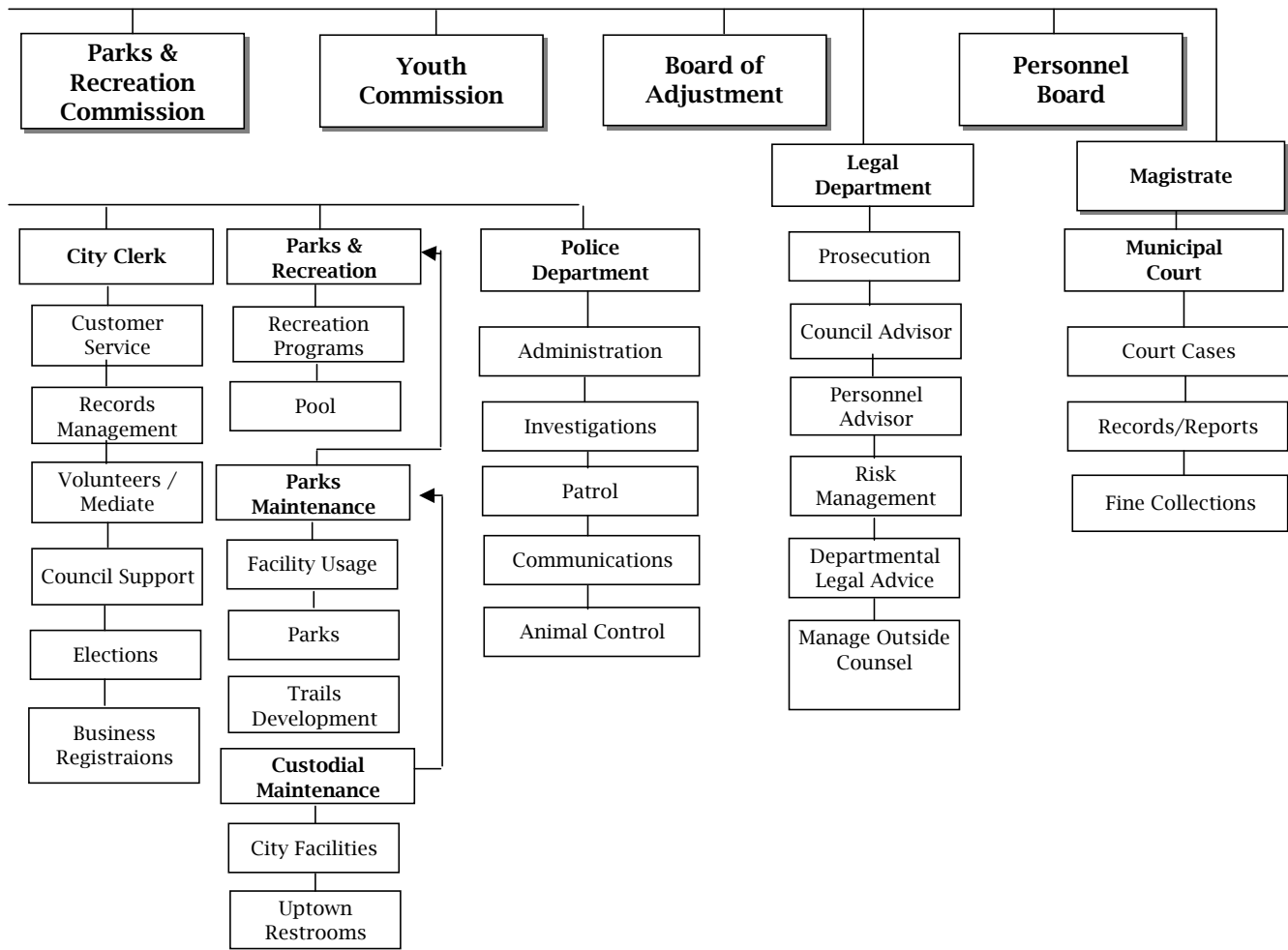
Ginger Wolstencroft

Director of Arts & Culture

Jodie Filardo

Economic Planner





CITY OF SEDONA POSITION LIST

	FY 2008-2009		FY 2009-2010	
	<u>Full Time</u>	<u>Temporary/ Part-Time</u>	<u>Full Time</u>	<u>Temporary/ Part-Time</u>
<u>10-5210 - Gen Fund - City Council</u>				
City Council	7.00		7.00	
Recording Secretary		0.10		0.17
<u>10-5220 - Gen Fund - City Manager</u>				
City Manager	0.75		0.90	
Assistant City Manager	0.60		0.60	
Administrative Services Director	0.70		0.25	
Administrative Assistant	0.90		0.90	
Economic Planning Director	1.00		1.00	
Senior Info/Referral Specialist		0.60		0.60
<u>10-5221 - Gen Fund - Human Resources</u>				
Director of Human Resources	0.90		0.90	
Human Resource Specialist	1.00		1.00	
<u>10-5222 - Gen Fund- Financial Services</u>				
Finance Operations Manager	0.80		0.80	
Financial Services Supervisor	0.50		0.50	
Accounting Technician	1.40		1.40	
<u>10-5224 - Gen Fund - IT Division</u>				
Information Technology Manager	0.85		0.85	
GIS Analyst	1.00		1.00	
Network Analyst	0.85		0.85	
Database/WEB Administrator	1.00		1.00	
IT HelpDesk Assistant	-	1.00	-	-
Intern	-	-	-	-
<u>10-5230 - Gen Fund - Legal</u>				
City Attorney	0.80		0.80	
Attorney/Prosecutorial	1.00	1.20	1.00	0.60
Para-Legal	1.00		1.00	
Intern	-	0.50	-	-

CITY OF SEDONA POSITION LIST

	FY 2008-2009		FY 2009-2010	
	Full Time	Temporary/ Part-Time	Full Time	Temporary/ Part-Time
<u>10-5240 - Gen Fund - City Clerk</u>				
Administrative Services Director	-		0.25	
City Clerk	1.00		1.00	
Deputy Clerk	1.00		1.00	
Admin. Assistant	1.00	-	1.00	-
Records Clerk	-	0.75	-	0.75
Director Community Services	-		-	
Parks & Recreation Director	-		-	
Senior Information Referral Specialist	-		-	
<u>10-5242 - Gen Fund - Parks & Recreation</u>				
Administrative Services Director	0.20		0.40	
Administrative Assistant	1.00		1.00	
Recreation Coordinator	0.50		0.50	
Recreation Assistant	0.50		0.50	
Officials & Scorekeepers	-	7.00	-	-
<u>5242 - P&R Pool</u>				
Recreation Coordinator	0.50		0.50	
Recreation Assistant	0.50		0.50	
Assist Pool Mgr-P/T	-	1.00	-	1.00
Head Life Guard	-	2.00	-	2.00
Life Guard	-	9.00	-	9.00
Water Exercise Instructor	-	1.00	-	1.00
<u>5242 - P&R Maintenance</u>				
Parks Supervisor	1.00		1.00	
Parks Maint. Worker	3.50		2.50	
Parks Laborer - Part-time	-	3.00	-	3.00
<u>10-5310 - Gen Fund - Comm. Development</u>				
Director of Community Development	1.00		1.00	
Assistant to the Community Development Director	1.00		1.00	
Chief Building Inspector	0.90		0.90	
Building Inspector	1.00		1.00	
Plans Examiner	1.00		1.00	
Code Enforcement Officer	1.00		1.00	
Senior Planner	2.00		2.00	
Associate Planner	2.00		2.00	
Assistant Planner	1.00		-	
Dev. Services Supervisor	1.00		1.00	
Development Services Rep.	2.00		1.00	
Recording Secretary	-	0.73	0.73	
Housing Planner	0.50		0.60	

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	FY 2008-2009		FY 2009-2010	
	<u>Full Time</u>	<u>Temporary/ Part-Time</u>	<u>Full Time</u>	<u>Temporary/ Part-Time</u>
<u>10-5320 - Gen Fund - Public Works</u>				
City Engineer	0.60		0.60	
Assist. City Engineer	0.40		0.40	
Assistant Engineer	1.00		1.00	
Assoc. Engineer	0.30		-	
Environmental Inspector	0.50		-	
City Facility Manager	0.95		0.95	
Administrative Assistant	0.85		0.85	
Crew A - Leader	0.20		0.20	
Crew A - Assistant	0.60		0.60	
<u>10-5420 - Gen Fun - Arts & Culture</u>				
Director of Arts & Communications	1.00		1.00	
Recording Secretary		0.10		0.10
<u>10-5510 - Gen Fund - Police Dept</u>				
Police Chief	1.00		1.00	
Commander	2.00		2.00	
Admin. Assistant	1.00		1.00	
Police Sergeant	5.00		5.00	
Police Officer	18.00	-	16.00	-
Detective Sergeant	1.00		1.00	
Police Detective	2.00		2.00	
Communication/Records Superv.	1.00		1.00	
Senior Communications Specialist	1.00		1.00	
Communications/Records Specialist	6.00		6.00	
Records Clerk	1.00	1.00	1.00	-
Animal Control Officer	1.00		1.00	
Community Service Officers	2.00		-	
<u>5520 - Magistrate Court</u>				
Magistrate	1.00		1.00	
Judge Pro-Tem	-	0.20	-	0.20
Court Administrator	1.00		1.00	
Court Clerk	3.00		3.00	

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	FY 2008-2009		FY 2009-2010	
	<u>Full Time</u>	<u>Temporary/ Part-Time</u>	<u>Full Time</u>	<u>Temporary/ Part-Time</u>
<u>11 - Streets Fund</u>				
Streets Maint. Supervisor	1.00		1.00	
Crew A - Leader	0.80		0.80	
Crew A - Assistant	1.60		1.60	
Traffic Aide	1.00		1.00	
Landscape Maint. Worker	0.80		0.80	
P-T Maint. Worker	-	0.40	-	0.40
<u>16 - Grants Fund</u>				
P.A.N.T. (Police)	1.00		1.00	
SRO (Police)	2.00		2.00	
COPS (Police)	-		2.00	
CDBG (Admin)	0.50		0.40	
<u>21 - Information Technology Capital Fund</u>				
Information Technology Manager	0.05		0.05	
Network Analyst	0.05		0.05	
<u>22 - Capital Improvement Fund</u>				
City Engineer	0.20		0.20	
Assoc. Engineer/Proj. Mgr	0.40		0.20	
<u>24 - Community Facilities District</u>				
Administrative Services Director	0.05		0.05	
<u>25 - Community Facilities District</u>				
Administrative Services Director	0.05		0.05	
Parks Maint. Worker	0.50		0.50	

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	FY 2008-2009		FY 2009-2010	
	<u>Full Time</u>	<u>Temporary/ Part-Time</u>	<u>Full Time</u>	<u>Temporary/ Part-Time</u>
<u>59 - Wastewater</u>				
City Manager	0.25		0.10	
Assistant City Manager	0.40		0.40	
Administrative Assistant (CM)	0.10		0.10	
Intern	-	1.00	-	-
City Attorney	0.20		0.20	
Finance Operations Manager	0.20		0.20	
Financial Services Supervisor	0.50		0.50	
Accounting Technician	1.60		1.60	
Director of Human Resources	0.10		0.10	
I T Manager	0.10		0.10	
Network Analyst	0.10		0.10	
Chief Building Inspector	0.10		0.10	
City Engineer	0.20		0.20	
Assist. City Engineer	0.60		0.60	
Assoc. Engineer	0.50		-	
Assoc. Engineer/Projects Mgr	0.80		0.80	
Environmental Inspector	0.50		-	
City Facility Manager	0.05		0.05	
Wastewater Director	1.00		1.00	
Administrative Assistant	1.15		1.15	
Records Clerk	0	0.15	0	0.15
Plant Chief Operator	1.00		1.00	
WW Plant Operator	2.00		2.00	
Chief Collections Operator	1.00		1.00	
Collector Operator II	3.00		3.00	
Plant Chemist	1.00		1.00	
Mechanic	1.00		1.00	
PW Inspector II	1.00		1.00	
PW Inspector I	3.00		3.00	
TOTAL:	132.00	30.73	125.73	18.97
<i>General Fund:</i>	100.55	29.18	93.73	18.42
<i>Streets Fund:</i>	5.20	-	5.20	-
<i>Grants Fund:</i>	3.50	-	5.40	-
<i>Capital Funds:</i>	1.30	-	1.10	-
<i>Wastewater Fund:</i>	21.45	1.15	20.30	0.15